

### **IC 27-8-3**

#### **Chapter 3. Mutual Life and Accident Formation**

### **IC 27-8-3-1**

#### **Authority to incorporate; purposes; articles of incorporation; initial applications; approval and filing documents; license**

Sec. 1. Any number of persons not less than five (5), a majority of whom are citizens of this state, may associate themselves together as a corporation, association, or society for the purpose of transacting the business of life or accident, or life and accident insurance, and for the payment of partial and permanent disability claims to living members, upon the assessment plan, for the purpose of mutual protection and relief of its members, and for the payment of stipulated sums of money to the families, heirs, executors, administrators, or assigns of the deceased members, or for the payment of total and permanent disability claims to living members of such company, association, or society, as the member may direct, in such manner as may be provided in the bylaws; and may receive money, either by voluntary donation or contribution, for which purpose, they shall make, sign, and acknowledge, before any officer authorized to take acknowledgment of deeds in this state, articles of incorporation or association, in which shall be stated the name or title by which such corporation, association, or society shall be known in law, the location of its principal business office (which office must be located in this state), the names and residence of the persons signing the articles of incorporation or association, the object of the corporation, association, or society, with its plan of doing business clearly and fully defined, the number of its directors, trustees or managers and the names of those selected to serve until its first annual meeting, and, in case of life corporations, associations, or societies, the limit as to age of applicants for membership, which shall not exceed sixty-five (65) years, and that medical examinations are required, but no medical examination shall be required in case of accident corporations, associations, or societies, and that bona fide applications have been secured for two hundred thousand dollars (\$200,000) by not less than two hundred (200) persons, who have each made application for membership in such proposed corporation, association, or society, and, in case of a life corporation, have each been examined and recommended by a reliable physician, and in all cases have each deposited with the parties asking the certificate for such corporation, association, or society the sum of two dollars (\$2) on each one thousand dollars (\$1,000) of insurance applied for as an advance assessment for mortuary or accident or disability indemnity purposes, as the case may be; which certificate of association and applications, together with the certificate of some solvent bank or banks that all such advance funds are deposited therein to be turned over to the treasurer of such corporation, association, or society when organized, shall be submitted to the insurance commissioner, who shall carefully examine the same, and, if he shall find that the objects and purposes

are fully and definitely set forth and are clearly within the provisions of this chapter, and that the name or title is not the same or does not so closely resemble a title in use as to have a tendency to mislead the public, the commissioner shall submit the same to the attorney general for examination, and if found by him to be in accordance with this chapter and not inconsistent with the constitution and laws of the United States and of this state, he shall certify to and deliver the same to the secretary of state, who shall cause the same, with the certificate of the attorney general, to be recorded in a book to be kept for that purpose; and, upon application of the signers thereof, the secretary of state shall furnish to them a certified copy of such articles and certificates, under his hand and the seal of this state, and the secretary of state shall thereupon file in the office of the commissioner a certified copy of all papers pertaining to the organization of such corporation, association, or society. Thereupon, the commissioner shall issue a license, authorizing said corporation, association, or society to transact the business set forth in the certificate of incorporation. Such corporation, association, or society shall deposit with the commissioner a copy of all its forms of policy issued by them, together with a copy of its bylaws and all forms of application for insurance.

*(Formerly: Acts 1897, c.195, s.1.) As amended by P.L.252-1985, SEC.275.*

### **IC 27-8-3-2**

#### **Corporate powers**

Sec. 2. A corporation, association, or society, organized under the provisions of this chapter, shall, by the name adopted by such corporation, association, or society, in law, be capable of suing and being sued, and may have power to make and enforce contracts in relation to the business of such corporation, association, or society, may have and use a common seal and may change or alter the same at pleasure, and, in the name of the corporation, association, or society, or by a trustee chosen by their board of directors, shall, in law, be capable of taking, purchasing, holding, and disposing of real and personal property for the purposes of their organization, may by their board of directors, trustees or managers, make bylaws not inconsistent with the constitution and laws of this state or of the United States, which bylaws shall define the manner of electing directors, trustees, or managers, or officers of such corporation, association, or society, and the qualifications and duties of the same, with terms of office not exceeding three (3) years, also the qualifications and privileges of the members thereof.

*(Formerly: Acts 1897, c.195, s.2.) As amended by P.L.252-1985, SEC.276.*

### **IC 27-8-3-3**

#### **Directors, trustees, or managers**

Sec. 3. The affairs of all corporations, associations, or societies organized or doing business under the provisions of this chapter shall

be managed by not less than five (5) directors, trustees, or managers, a majority of whom shall be residents of the state of Indiana, who shall be elected from and by the members, at such time and place and for such period, not exceeding three (3) years, as may be provided for in the bylaws, and may be eligible for reelection, provided that as near as practicable, an equal number shall be elected each year. Whenever directors, trustees, or managers shall be elected, a certificate, under the seal of the corporation, association, or society, giving the names and residences of those elected and the term of their office, shall be filed in the office of the insurance commissioner. Vacancies in the board of directors, trustees, or managers shall be filled in the manner provided in the bylaws. Such board of directors, trustees, or managers shall fix the compensation to be paid to all officers and managers of such corporation, association, or society.

*(Formerly: Acts 1897, c.195, s.3.) As amended by P.L.252-1985, SEC.277.*

#### **IC 27-8-3-4**

##### **Determination of fee rates and amount of premiums, assessments, or periodical calls; risks**

Sec. 4. The trustees, directors, or managers, or the persons designated in the bylaws of the corporation, association, or society, subject to the provisions of this chapter, shall fix the fee rates and amounts of premiums, assessments, or periodical calls, and the time and manner of the payment thereof, and the risks to be assumed by such corporation, association, or society, and the duration thereof, and may change the same, from time to time, as the experience of the corporation, association, or society may require. An affidavit made by the person having charge of the mailing of notices of premiums, assessments, or periodical calls that any such notice was mailed to his last postoffice address, stating the date of mailing, shall be prima facie evidence thereof.

*(Formerly: Acts 1897, c.195, s.4.) As amended by P.L.252-1985, SEC.278.*

#### **IC 27-8-3-5**

##### **Reincorporation of domestic assessment plan companies; exceptions**

Sec. 5. Any domestic corporation, association, or society, transacting business of life or accident or life and accident insurance and providing for the payment of total and permanent disability claims to living members, upon the assessment plan, may be reincorporated or reorganized under the provisions of this chapter under its existing corporate name, by filing with the insurance commissioner a declaration of their desire to do so, signed and duly acknowledged by a majority of its board of directors, trustees, or managers, with a statement in like manner signed and acknowledged by them that such corporation, association, or society, having insured the lives or provided for the payment of accident indemnity, has

accumulated the fund required by section 7 of this chapter, or having engaged in the business of accident insurance only, has accumulated the fund required by section 11 of this chapter, and that such funds are safely invested and held for the purposes for which the same were accumulated, as provided in the bylaws of such corporation, association or society, whereupon the commissioner, if approved by him, shall file the same, together with his certificate of such approval, with the secretary of state, who shall issue to such corporation, association, or society a certificate of such reincorporation or reorganization, under the seal of the state, and attach thereto copies of all papers so filed with the secretary of state, and the same shall be recorded in the office of the secretary of state, and copies thereof filed in the office of the commissioner, and such corporation, association, or society shall thereupon be deemed to be reincorporated and reorganized under the provisions of this chapter. It shall not be obligatory upon any such existing corporation, association or society to incorporate or reincorporate under this chapter, and any such domestic corporation, association, or society may continue to exercise all the rights, powers, and privileges not inconsistent with this chapter, pursuant to its articles of incorporation or association, the same as if incorporated or reincorporated under this chapter.

*(Formerly: Acts 1897, c.195, s.5.) As amended by P.L.252-1985, SEC.279.*

#### **IC 27-8-3-6**

##### **Application of chapter to assessment plan companies; exceptions**

Sec. 6. Any incorporation, association or society organized to insure lives, which provides for the payment of policy claims, or the accumulation of reserve or emergency funds, and the expenses of the management and prosecution of the business by payments to be made either at periods named in the contract or upon assessments as required, by persons holding similar contracts, and wherein the insured's liability to contribute to the payment of policy claims accrued or to accrue is not limited to a fixed sum, shall be deemed to be engaged in the business of life insurance upon the assessment plan, and shall be subject only to the provisions of this chapter. However, nothing contained in this chapter shall be construed as applicable to any association of religious or secret societies, or to any class of mechanics, express, telegraph or railroad employees, or veterans described in IC 10-17-5-2 or IC 10-17-5-1 formed for the mutual benefit of the members thereof and their families exclusively, or to any secret or fraternal societies, lodges or councils that may be organized, or that are now organized and doing business in this state, which conduct their business and secure members on the lodge system exclusively, having ritualistic work and ceremonies in their societies, lodges or councils, and which are under the supervision of the grand or supreme body, nor to any association organized solely for benevolent purposes and not for profit.

*(Formerly: Acts 1897, c.195, s.6.) As amended by Acts 1980, P.L.38,*

*SEC.17; P.L.2-2003, SEC.69.*

**IC 27-8-3-7**

**Accumulation of reserve or emergency fund; investment; additional funds; use of excess**

Sec. 7. Every such life insurance corporation, association, or society shall accumulate and maintain a reserve or emergency fund equal to such sum as might be realized from one (1) assessment on, or periodical payment by, policy or certificate holders thereof, and, in no event, less than the amount of its maximum policy or certificate. Such fund, if not already accumulated, shall be accumulated by every such corporation, association, or society existing on March 9, 1897, by September 9, 1897, and by every corporation, association, or society formed under this chapter after March 9, 1897, within six (6) months from the date of its incorporation or organization, and shall be held as a trust fund for the purposes for which such fund was created or accumulated. In case such fund or any portion thereof shall have been used by the corporation, association, or society for the purpose or purposes for which the same was created or accumulated and the amount thereof thereby reduced to less than the amount of one (1) death assessment or periodical payment, the amount of such reduction below the amount of one (1) death assessment or periodical payment shall be made up and restored to said fund within six (6) months thereafter. Such fund may be held in cash or invested in the same class of securities required by law for the investment of funds by insurance corporations; and nothing contained in this chapter shall prevent the creation and accumulation of other funds in excess of the amount required in this chapter to provide for the purposes of such corporation, association, or society. If such fund is in excess of the amount of one (1) death assessment or periodical payment upon all certificate or policyholders and not less than the sum of fifty thousand dollars (\$50,000), the excess or any portion thereof may be used in the reduction of assessment or periodical payments by policy or certificate holders by ratable cash dividends or credits, or in such other equitable division or apportionment thereof as its bylaws or rules may provide, and such use shall not be deemed or construed to mean a profit received by members within the meaning of the statutes of this state, or the pro rata excess on any policy or certificate terminated by death or surrender may be refunded to the holder or beneficiary, as may be provided for in said policy or contract; provided, that nothing contained in this chapter shall be construed to permit any contract promising any fixed cash payment to any living certificate or policyholder excepting in the contingency of physical disability.

*(Formerly: Acts 1897, c.195, s.7.) As amended by P.L.252-1985, SEC.280.*

**IC 27-8-3-8**

**Assignment of policy to person without insurable interest void**

Sec. 8. No corporation, association or society doing business of life insurance under this chapter shall issue any policy of life insurance in which the beneficiary named has no insurable interest. Any assignment of the policy or certificate to a person having no insurable interest in the insured life, except as security for actual debt, with remainder over to the beneficiary or to the estate of the insured, shall render such a policy or certificate void.

*(Formerly: Acts 1897, c.195, s.8; Acts 1971, P.L.391, SEC.1.)*

#### **IC 27-8-3-9**

##### **Annual report; failure to file report and pay fees; suspension from doing business**

Sec. 9. Every such life insurance corporation, association, or society doing business under this chapter shall, on or before March 1 in each year, make and file with the insurance commissioner a report of its affairs and operations during the year ending on December 31 immediately preceding, which report shall be in lieu of all other reports required by this title and shall be in such form as the commissioner may require. Such report shall be verified by such of the officers of the corporation, association, or society as the commissioner may require. Any corporation, association, or society refusing or neglecting to make such report, or to make payment of any of the fees required by law, shall, upon the order of the commissioner, cease to do business in this state until such report and payment shall be made and until the costs of such action be paid.

*(Formerly: Acts 1897, c.195, s.9.) As amended by P.L.252-1985, SEC.281.*

#### **IC 27-8-3-10**

##### **Accident insurance business on assessment plan**

Sec. 10. Any corporation, association, or society organized to insure against the contingency of death or physical disability of the assured thereunder resulting from accidental injuries, and which provides for the payment of policy claims, the accumulation of reserve or emergency funds and the expenses of the management and prosecution of the business, by payments to be made, either at periods named in the contract or upon assessments as required by persons holding similar contracts, and where the assured's liability to contribute to the payment of benefits accrued or to accrue is not limited to a fixed sum, shall be deemed to be engaged in the business of accident insurance upon the assessment plan, and the business involving the issuance of such contracts shall be carried on in this state only by duly organized and authorized corporations, associations, or societies, which shall be subject only to the provisions and requirements of this chapter.

*(Formerly: Acts 1897, c.195, s.10.) As amended by P.L.252-1985, SEC.282.*

#### **IC 27-8-3-11**

##### **Reserve emergency fund**

Sec. 11. Every such accident insurance corporation, association, or society shall accumulate and maintain a reserve emergency fund of at least two thousand dollars (\$2,000). Such fund, if not already accumulated, shall be accumulated by every such corporation, association, or society existing on March 9, 1897, by September 9, 1897, and by every corporation, association, or society organized under this chapter within six (6) months of the completion of its organization and the receipt of its certificate of authority to transact business in this state, and every corporation, association, or society subject to the provisions of this chapter shall add to such emergency fund thereafter two and one-half percent (2 1/2%) of the amount realized from every premium, assessment, or periodical call until such fund shall be equal to the amount of two dollars (\$2) for every five thousand dollars (\$5,000) of insurance in force. Such emergency fund, or any part thereof, may be used for the payment of death and indemnity claims; provided, that if the amount of such fund be thereby reduced below the amount contemplated in this chapter, the amount by which such fund is reduced be made up and restored within six (6) months thereafter. Such fund may be held in cash or invested in the same class of securities required by law for the investment of funds by insurance corporations, and nothing contained in this chapter shall prevent the creation and accumulation of other funds in excess of the amount required in this chapter to provide for the purposes of such corporation, association, or society. *(Formerly: Acts 1897, c.195, s.11.) As amended by P.L.252-1985, SEC.283.*

### **IC 27-8-3-12**

#### **Report of affairs and operations; suspension for failure to file**

Sec. 12. (a) Every such accident insurance corporation, association, or society doing business under this chapter shall, on or before March 1 in each year, make and file with the insurance commissioner a report of its affairs and operations during the year ending on December 31 immediately preceding, which report shall be in lieu of all other reports required by this title and shall be verified by such officers of the corporation, association or society, as the commissioner may require, and shall contain answers to the following questions:

- (1) First, what number of certificates or policies were issued during the year or applicants admitted?
- (2) Second, what was the amount of death indemnity affected thereby?
- (3) Third, what number of death losses were incurred?
- (4) Fourth, what number of death losses were paid and amount thereof?
- (5) Fifth, what were the total number of indemnity claims paid and amount thereof?
- (6) Sixth, what were the number of death and number of indemnity claims unpaid?
- (7) Seventh, does the corporation, association, or society charge

annual dues or membership fee? If so, how much?

(8) Eighth, what was the total amount received and whether from assessment, annual dues, membership fees, or other sources, and the disposition thereof?

(9) Ninth, does corporation, association, or society use moneys received for payment of claims to pay expenses, in whole or in part? And, if so, state the amount used.

(10) Tenth, what is the amount of the emergency fund and how invested?

(11) Eleventh, if organized under the laws of this state, state such fact and the date of organization.

(12) Twelfth, what were the number of policies in force and death insurance in force at the beginning of the year, and such other information as may be required by the superintendent of insurance?

(b) Any corporation, association, or society refusing or neglecting to make such report or to make payment of any one of the fees required by this chapter shall, upon the order of the insurance commissioner, cease to do business in this state until such report and payment shall be made and until the costs of such action be paid.

*(Formerly: Acts 1897, c.195, s.12.) As amended by P.L.252-1985, SEC.284.*

### **IC 27-8-3-13**

#### **Authority to deposit securities; investment of reserve funds**

Sec. 13. This chapter shall not be construed to limit the accumulation of a reserve or emergency fund by any corporation, association, or society subject to the provisions of this chapter. Any such corporation, association, or society may, in its discretion, through its officers or directors, deposit with the insurance commissioner such securities and for such amounts as may be approved by him, and, when so deposited, shall be retained by him for the purposes described in this chapter. All other investments of reserve funds shall be made in the same class of securities as are allowed by law for the investment of funds by insurance corporations.

*(Formerly: Acts 1897, c.195, s.13.) As amended by P.L.252-1985, SEC.285.*

### **IC 27-8-3-14**

#### **Specification of amount payable upon particular contingency; obligation for payment; suspension of right to issue new policies until payment made**

Sec. 14. Every policy or certificate issued after March 9, 1897, by any corporation, association, or society doing business under this chapter and promising payment to be made upon a contingency of death or physical disability shall specify the sum of money which it promises to pay under such contingency, and the number of days after satisfactory proof of the happening thereof on which such payment shall be made. Upon the occurrence of such contingency,



unless the contract shall have been avoided by fraud, or by breach of its conditions, the corporation, association, or society shall be obligated to the beneficiary for such payment, at the time and to the amount specified in the policy or certificate. If such corporation, association, or society shall refuse or fail to make such payment for sixty (60) days after final judgment has been obtained against such claim, the insurance commissioner shall notify the corporation, association, or society not to issue any new policies or certificates until such indebtedness is fully paid; and no officer or agent of the corporation, association, or society shall make, sign, or issue any policy or certificate of insurance while such notice is in force.

*(Formerly: Acts 1897, c.195, s.14.) As amended by P.L.252-1985, SEC.286.*

#### **IC 27-8-3-15**

##### **Transfer or reinsurance of risks; approval; notice of preference for transfer to different corporation**

Sec. 15. No such corporation, association or society, organized under the laws of this state, shall transfer its risks to, or reinsure them in any other corporation, association or society unless the contract of transfer or reinsurance is first submitted to and approved by a two-thirds (2/3) vote of a meeting of the insured, called to consider the same, of which meeting, a written or printed notice shall be mailed to each member, certificate or policyholder, at least thirty (30) days before the day fixed for such meeting. If such transfer or reinsurance shall be approved, every member, certificate or policyholder of the corporation, association or society, who shall file with the secretary thereof, within ten (10) days after the meeting, a written notice of his preference to be transferred to some other corporation, association or society, than that named in the contract, shall be accorded all the rights and privileges, if any, in aid of such transfer as would have been accorded under the terms of such contract had he been transferred to the corporation, association or society named therein. No such corporation, association or society, organized under the laws of this state, shall transfer its risks or assets, or any part thereof, to, or reinsure its risks, or any part thereof, in any insurance corporation, association or society of any other state or country which is not at the time of such transfer or reinsurance authorized to do business in this state under the laws thereof.

*(Formerly: Acts 1897, c.195, s.15.)*

#### **IC 27-8-3-16**

##### **Examination at request of corporation; certificate of results; expense**

Sec. 16. The insurance commissioner shall, at the request of any corporation, association, or society doing business under the provisions of this chapter in this state on the assessment plan, make an examination of such corporation, association, or society, and shall furnish a certificate of the results of such examination, showing all

its assets and how invested, and such other particulars as may be deemed necessary to show the character and condition of said corporation, association, or society, and the necessary expense of said examination shall be paid by the corporation, association, or society requesting it.

*(Formerly: Acts 1897, c.195, s.16.) As amended by P.L.252-1985, SEC.287.*

#### **IC 27-8-3-17**

##### **Visitation and inspection; insolvency or improper business practices; report; order to show cause for termination of business**

Sec. 17. All corporations, associations, and societies to which this chapter is applicable, with their books, papers, and vouchers, shall be subject to visitation and inspection by the insurance commissioner or such person as he may designate, at the expense of said association. The commissioner may address any inquiries to such corporation, association, or society, in relation to its doings or condition, or any other matter connected with its transactions relative to the business contemplated by this chapter. All officers of such corporation, association, or society shall promptly reply in writing to all such inquiries, under the oath of its president, secretary, or other officers, if required. When the commissioner on investigation, shall be satisfied that any corporation, association, or society, organized under the laws of this state, doing business in this state of the character defined in this chapter, is insolvent because of matured death claims or other obligations due and unpaid, exceeding its assets and death assessments or periodical payments, called or in process of collection, or has exceeded its powers, failed to comply with any provision of law, or is conducting business fraudulently, he shall report the facts to the attorney general, who, if he shall be of the opinion that the facts require such action, may thereupon apply to any court having jurisdiction thereof, within the county in which the principal office of such corporation, association, or society in this state is located, for an order requiring the officers of such corporation, association, or society to show cause, at a reasonable time and place within such county, why such corporation, association, or society should not be restrained from continuing to transact business, with power to the court to adjourn the hearing thereon from time to time, not exceeding sixty (60) days in all.

*(Formerly: Acts 1897, c.195, s.17.) As amended by P.L.252-1985, SEC.288.*

#### **IC 27-8-3-18**

##### **Attorney general; exclusive power to apply for accounting, injunction, or receivership**

Sec. 18. No order, judgment, or decree providing for an accounting or enjoining, restraining, or interfering with the prosecution of the business of any domestic insurance corporation, association, or society subject to the provisions of this chapter, or appointing a temporary or permanent receiver thereof, shall be made

or granted otherwise than upon the application of the attorney general on his own motion, or after his approval of a request in writing thereof by the insurance commissioner, except in an action by a judgment creditor or in proceedings supplementary to execution. *(Formerly: Acts 1897, c.195, s.18.) As amended by P.L.252-1985, SEC.289.*

### **IC 27-8-3-19**

#### **Foreign corporations; requirements for authority to do business; revocation of authority; retaliation clause**

Sec. 19. Any corporation, association, or society organized under the authority of another state or government to issue, or which is engaged in the business of issuing, policies or certificates of life or accident or life and accident insurance, and for the payment of total and permanent disability claims to living members on the assessment plan, as a condition precedent to transacting business in this state, shall deposit with the insurance commissioner:

- (1) a certified copy of its articles of incorporation or association;
- (2) a certified copy of a vote or resolution of the board of directors of said company consenting that service of process in any suit against such company may be served upon an individual resident of Indiana, a corporate resident of Indiana, or an authorized Indiana insurer, appointed by the company as the company's agent for service of process, with like effect as if such company was chartered, organized, or incorporated in the state of Indiana, and agreeing that any process served upon such agent shall be of the same legal force and validity as if served upon said company, and agreeing that such service may be so made with such effect while any liability remains outstanding against such company in this state;
- (3) a statement, under oath of its president and secretary, in the form by the commissioner required, of its business for the preceding year;
- (4) a certificate, under oath of its president and secretary, that it is paying, and for the twelve (12) months then next preceding, has paid, the maximum amount named in its policies or certificates in full;
- (5) a certificate from the proper authority in its home state that corporations, associations or societies of this state, engaged according to the provisions of this chapter in life or accident, or life and accident insurance, and for the payment of total and permanent disability claims to living members upon the assessment plan, are legally entitled to do business in such state;
- (6) a copy of its policy or certificate, application, and bylaws, which must show that the insured's liability to contribute to the payments of benefits is not limited to the payment of a fixed periodical sum; and
- (7) evidence satisfactory to the commissioner that the

corporation, association, or society accumulates a fund equal in amount to that required of similar corporations, associations, or societies of this state and that such accumulation is permitted by the law of the corporation, association, or society and is for the benefit of policy or certificate-holders only, and is invested in securities authorized under the law of its incorporation or association.

The insurance commissioner shall thereupon issue or renew the authority of such corporation, association, or society to do business in this state, and such authority shall be revoked whenever the commissioner, on investigation, is satisfied that such corporation, association, or society is not paying the maximum amount named in its policies or certificates in full. Upon such revocation, the commissioner shall cause notice thereof to be published in a newspaper of general circulation, published in the city of Indianapolis, Indiana, and no new business shall be thereafter done by its agents in this state. If any such corporation, association, or society is authorized by the law under which it is incorporated to issue contracts of insurance not contemplated in this chapter, it shall nevertheless be permitted to transact in this state the character of business authorized by this chapter upon complying in all other respects with the requirements thereof and filing with the commissioner an agreement duly executed by the proper officers that such corporation, association, or society will not enter into or issue within this state any contract of insurance, policy, or agreement not authorized by this chapter. Upon a breach of such agreement by any such corporation, association, or society, the commissioner shall forthwith revoke and cancel its authority to transact business in this state. When any other state or country shall impose any obligation upon any such corporation, association, or society of this state, the like obligation shall be imposed upon similar corporations, associations, or societies and their agents of such state or country doing business in this state. If the laws of such state where such corporation, association, or society is organized will not admit corporations, associations, or societies organized in this state, or doing business under this chapter, to do business in such state, then such corporations, associations, or societies shall not be admitted to do business in this state.

*(Formerly: Acts 1897, c.195, s.19.) As amended by P.L.252-1985, SEC.290; P.L.268-1999, SEC.19.*

### **IC 27-8-3-20**

#### **Foreign corporations; service of process**

Sec. 20. All processes in any action or proceeding against any foreign corporation, association, or society doing business in this state under the provisions of this chapter may be served upon an individual resident of Indiana, a corporate resident of Indiana, or an authorized Indiana insurer, appointed by the corporation, association, or society as its agent for service of process, and any lawful process against it which is served on the agent shall be of the same legal

force and validity as if served on the corporation, association, or society, and this provision shall continue in force so long as any liability remains outstanding against the corporation, association, or society in this state, service upon such agent shall be deemed sufficient service upon the principal. When legal process against any such corporation, association, or society is served upon such agent, the agent shall immediately notify the corporation, association, or society of such service by registered letter, prepaid, directed to its secretary, or, in case of a corporation, association or society of a foreign country, to the resident manager, if any, in this country, and shall, within two (2) days after such service, forward in the same manner a copy of the process served on the agent to such secretary or manager, or to any person previously designated by the corporation, association, or society, in writing. The agent shall keep a record of all processes served upon the agent which record shall show the day and hour when such service was made.

*(Formerly: Acts 1897, c.195, s.20.) As amended by P.L.252-1985, SEC.291; P.L.130-1994, SEC.42; P.L.116-1994, SEC.58; P.L.268-1999, SEC.20.*

#### **IC 27-8-3-21**

##### **Fraudulent representations; offenses**

Sec. 21. A person who knowingly makes a false or fraudulent statement or representation in or with reference to any application for insurance, or for the purpose of obtaining any money or benefit in or to any corporation, association, or society transacting business under this chapter, commits a Class A misdemeanor.

*(Formerly: Acts 1897, c.195, s.21.) As amended by Acts 1978, P.L.2, SEC.2726.*

#### **IC 27-8-3-22**

##### **Eligible beneficiaries; change of beneficiary**

Sec. 22. Any member of such corporation, association or society may name as his payee or beneficiary any person or persons, natural or artificial, permitted by the by-laws of such corporations, associations or society, or, if the by-laws thereof permit, the insurance of such member may be made payable to his estate. Any member of such corporation, association or society, naming as his payee or beneficiary any such person or persons, may make such designation either revocable or irrevocable, and the option which he elects to exercise shall be set out in and be made a part of his application for a certificate or policy of insurance. When the right of revocation has been reserved, or in case of the death of any payee or beneficiary under either a revocable or an irrevocable designation, the insured, subject to any existing assignment of the policy, may designate a new payee or beneficiary, with or without reserving the right of revocation, by filing written notice thereof at the home office of the corporation, association or society, accompanied by the policy for suitable endorsement thereon. No person who shall have been designated as a payee or beneficiary by the insured shall have or

obtain any vested interest in the death benefits which may accrue in the event of the death of the insured until such death benefits shall have become due and payable upon the death of the insured.  
(Formerly: Acts 1897, c.195, s.22; Acts 1923, c.185, s.1.)

### **IC 27-8-3-23**

#### **Exemption of benefits and premiums from judicial process**

Sec. 23. (a) As used in this section, "premium" includes any deposit or contribution.

(b) The money or benefit provided or rendered by any corporation, association, or society authorized to do business under this chapter shall not be liable to attachment by garnishee or other process, and shall not be seized, taken, appropriated, or applied by any legal or equitable process, nor by any operation of law, to pay any debt or liability of a policy or certificate holder or any beneficiary named therein.

(c) A premium paid for an individual life insurance policy that names as a beneficiary, or is legally assigned to, a spouse, child, or relative who is dependent upon the policy owner is not exempt from the claims of the creditors of the policy owner if the premium is paid:

- (1) not more than one (1) year before the date of the filing of a voluntary or involuntary bankruptcy petition by; or
- (2) to defraud the creditors of;

the policy owner.

(d) The insurer issuing the policy is discharged from all liability by payment of the proceeds and avails of the policy (as defined in IC 27-1-12-14(b)) in accordance with the terms of the policy unless, before payment, the insurer has received at the insurer's home office, written notice by or on behalf of a creditor of the policy owner that specifies the amount claimed against the policy owner.

(Formerly: Acts 1897, c.195, s.23.) As amended by P.L.252-1985, SEC.292; P.L.253-1995, SEC.4.

### **IC 27-8-3-24**

#### **Violations; revocation of power to do business**

Sec. 24. An officer or agent of any corporation, association, or society subject to this chapter who fails to comply with this chapter, knowingly makes in any report or statement any false or fraudulent statement, or refuses to permit the insurance commissioner or any examiner duly authorized by him for the purpose to make examination of its condition and business, books, papers, and vouchers commits a Class C infraction. A person who fails to comply with or violates this chapter commits a Class C infraction. If an examination of the condition and business of any such corporation, association, or society transacting business in this state is prevented by an offense under this section, the insurance commissioner shall revoke the certificate of authority issued to such corporation, association, or society, and it is unlawful for it to do business in this state until it has submitted to an examination, and the insurance commissioner has issued to it a new certificate of authority

authorizing it to continue business in this state.  
(Formerly: Acts 1897, c.195, s.24.) As amended by Acts 1978, P.L.2, SEC.2727.

### **IC 27-8-3-25**

#### **Fees**

Sec. 25. The fees to be paid by each such corporation, association, or society to the insurance commissioner for the authority to such corporation, association, or society, and its insurance producers under the license granted by him to each corporation, association, or society, to transact business in the state of Indiana shall be as follows:

For filing copy of charter or articles of incorporation, twenty-five dollars (\$25).

For filing each annual statement, twenty dollars (\$20).

For issuing certificate of authority or license to company, corporation, association or society, one dollar (\$1).

For issuing license to each insurance producer, one dollar (\$1).

For affixing seal and certifying to any paper, one dollar (\$1).

For renewal of license, each such corporation, association, or society shall file with the commissioner its annual statement, for which it shall pay the sum of twenty dollars (\$20).

For the privilege of transacting business in this state, a foreign or alien company, association, or society, admitted and licensed under this chapter, shall pay an annual tax upon premiums or assessments derived from business written within this state, such tax to be as defined and determined under IC 27-1-18-2, which is declared to be applicable in its terms and provisions to such a company, association, or society; provided also, that when any other state or country shall impose any obligations in excess of those imposed by this chapter upon any such corporation, association, or society of this state, a like obligation shall be imposed on similar corporations and their agents of such state or country doing business in this state; and provided also, that such corporation, association, or society, in transacting business in this state, shall be subject only to the provisions of this chapter.

(Formerly: Acts 1897, c.195, s.25; Acts 1955, c.55, s.1.) As amended by P.L.252-1985, SEC.293; P.L.178-2003, SEC.59.

### **IC 27-8-3-26**

#### **Exempt organizations**

Sec. 26. Nothing contained in sections one through twenty-five of this chapter shall be construed to apply to secret or fraternal societies, lodges or councils that are now organized, or that may hereafter be organized, which conduct their business and secure members on the lodge system, exclusively, having ritualistic work and ceremonies in their societies, lodges or councils, and which are under the supervision of a grand or supreme body, nor to any association organized solely for benevolent purposes and not for profit; nor to any association of religious or secret societies, nor to

any class of mechanics, express, telegraph or railroad employees or veterans described in IC 10-17-5-2 or IC 10-17-5-1 or any existing societies now doing business and formed for the mutual benefit of the members thereof and their families exclusively.

*(Formerly: Acts 1897, c.195, s.26.) As amended by Acts 1980, P.L.38, SEC.18; P.L.2-2003, SEC.70.*

### **IC 27-8-3-27**

#### **Legal reserves; compulsory deposits; filing of forms; exceptions**

Sec. 27. (a) Notwithstanding any of the provisions of sections 1 through 26 of this chapter, every corporation or association organized and operating under the provisions of this chapter shall on or before July 1, 1970, comply with the provisions of IC 27-1 relative to the maintenance of legal reserves required on all life insurance and health and accident insurance policies issued in this state, and relative to compulsory deposit of assets by life insurance companies, and relative to filing of forms, with particular reference to but not limited to IC 27-1-12-9 through IC 27-1-12-13, IC 27-1-13-8, and IC 27-1-20-1 through IC 27-1-20-11.

(b) Provided, that this section shall not apply to any corporation or association that has prior to July 1, 1970, reorganized and accepted the provisions of IC 27-1, as provided in IC 27-1-11. Nor shall this section apply to any insurance policies issued or sold prior to July 1, 1970, or prior to any such reorganization under IC 27-1, whichever occurs earlier.

(c) Provided, further, that with respect to insurance policies issued by any corporation or association on a pure assessment basis, no premiums having been collected in advance, which corporation or association is incorporated and operating under this chapter as of August 18, 1969, and which has had in force between August 18, 1964, and August 18, 1969, insurance policies covering not less than fifteen thousand (15,000) members, such company or association shall maintain, beginning January 1, 1971, a legal reserve on its life assessment business on the basis of monthly renewable term insurance, and said monthly unearned premium reserve shall be calculated at one dollar and thirty cents (\$1.30) per member.

(d) Such legal reserve shall be deposited with the insurance department under compulsory deposit provisions referred to in subsection (a).

*(Formerly: Acts 1897, c.195, s.26a; Acts 1969, c.236, s.1.) As amended by P.L.252-1985, SEC.294.*